

# Real Estate Assets



## Department Description

The Real Estate Assets Department manages the City's real estate portfolio and provides direction in the operations of Concourse and Parking Garages, QUALCOMM Stadium, and PETCO Park. The Real Estate Assets Department has been reorganized to reflect its four main divisions: Acquisition/Disposition, Asset Management, Valuation, and Corporate Services.

The Acquisition/Disposition Division provides acquisition and relocation services for the City of San Diego including appraisal and acquisition of sites for public facilities, parks, open space, and right-of-way for the Streets Division within General Services. The Division is also charged with cataloging and evaluating City assets to determine which properties are essential for the City's core mission and which can be deemed surplus and made available for disposition. The Division handles the disposition of properties that are determined to be surplus.

The Asset Management Division is responsible for managing the City's diverse real estate portfolio. The Asset Management Division's responsibilities include the administration of over 620 of the City's existing leases, permits, operating agreements, use and occupancy agreements, and sub-leases. Another primary function is the management and administration of redevelopment of existing leaseholds. The Division handles the negotiation of new leases and permits, renewing expired leases and permits, calculates and implements rental adjustments, and ensures lease compliance.

The Valuation Division is responsible for planning and directing all the valuation on appraisal projects for the City of San Diego. The Division also conducts special real estate analyses, studies and projects; interacts with City management, City departments, tenants, and the public on real estate valuation, litigation, and arbitration issues.

The Corporate Services Division is tasked with planning, organizing, and executing transactions that support all of the City's facility needs. The Division works with individual City departments to determine how much space is needed and whether the requirement can be best accommodated through occupancy of City-owned properties, a lease from an outside entity, or the acquisition of a new facility.

The Concourse and Parking Garage special revenue fund provides management for the rental and use of the Community Concourse facilities. In addition, the Department manages the Evan V. Jones Parkade and World Trade Center (WTC) garages in order to provide parking spaces for employees, WTC lessees, and the general public. The

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Community Concourse is comprised of Golden Hall, Plaza Hall, various conference rooms, box offices, administration offices, and support facilities.

The Department's mission is:

*To acquire and manage real estate for the highest public use and benefit, generate maximum revenue through leasing and sales of surplus assets, and maximize the overall financial return of the City's real estate portfolio*

## Goals and Objectives

Goals and objectives have been reprinted here as they were adopted in the Fiscal Year 2010 budget. They will be revisited during Fiscal Year 2012.

### ***Goal 1: Professionally manage real estate assets***

The City has over 600 leases that generate over \$73.0 million in annual revenue. To maximize this income stream, the City's lease portfolio requires expert management to ensure that the leaseholds continue to perform at their highest possible level. The Department will move toward accomplishing this goal by focusing on the following objectives.

- Exercise effective lease administration
- Improve value of assets

### ***Goal 2: Optimize the City's assets***

The City owns over 3,800 properties with a total size of approximately 120,000 acres. Among these properties are some surplus properties that do not directly provide value to the City. The surplus properties are put to use either by leasing them to create revenue for the City or by selling them to generate revenue for the Capital Improvement Fund. The money generated by the leasing and sale of the City's real estate is a vital component of the City's budget. The Department will move toward accomplishing this goal by focusing on the following objectives.

- Develop new revenue sources
- Divest of surplus property
- Maximize lease revenue
- Create redevelopment opportunities

### ***Goal 3: Optimize human resources***

Management of the City's real estate portfolio requires a staff with high levels of technical competency and professionalism. These skills must be developed and nurtured for the City's real estate portfolio to achieve optimum performance. The Department will move toward accomplishing this goal by focusing on the following objective.

- Create a culture of success

### ***Goal 4: Centralize management of the City's workspace resources***

The City has over 10,000 employees. The implementation of an effective facility plan can reduce costs and improve efficiency citywide. The Department will move toward accomplishing this goal by focusing on the following objectives.

- Enhance operational efficiency
- Provide a quality work environment at the best price

## Service Efforts and Accomplishments

The Real Estate Assets Department has made many changes in the way it conducts its core functions to ensure that the City's real estate assets are maintained and managed to the highest standards. The Department's changes resulted in the following improvements:

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- Completed a comprehensive Portfolio Management Plan of all the City's properties and leases
- Increased to a total of \$73.0 million
- Started implementation of its state-of-the-art software system (REPortfolio) that replaces the Department's antiquated and outdated mainframe-based system
- Completed scanning paper files to an electronic format for easier access and improved security
- Sold 25 excess properties with a total value of approximately \$37.0 million
- Currently has 10 City-owned, excess properties for sale with an estimated total market value of \$28.0 million
- Established a new 25-year lease with the Associated Students of SDSU and the Regents of UCSD for the operation of the Mission Bay Aquatic Center
- Made a new 15-year lease agreement with Rancho De la Lorra LLC for an avocado grove in San Pasqual Valley
- Re-wrote Council Policy 700-10 (leasing and sale of City real estate) which was approved by Council
- Currently has over 77 telecommunication sites for over \$2.8 million in annual rent
- Entered into agreements for 11 new telecommunication sites that will generate an additional \$3.3 million over the next 10 years
- Initiated a new streamlined lease approval process for telecommunication tenants that will result in improved service and efficiency
- Completed an RFP for parking operations at the Parkade and World Trade Center parking garages. The new agreement will save the City over \$100,000 per year
- Entered into a new agreement with the San Dieguito Joint Powers Authority for mitigation at Cloverdale Creek
- Completed an RFP for the Mission Bay Sportscenter site which was ultimately awarded. A new lease agreement is being negotiated which should generate a significant increase in revenue from the location.
- Entered into a new agreement with the San Diego River Conservancy for restoration of the San Diego River near the Carlton Oaks Golf Course
- Exercised a space contraction option at 600 B Street saving the City \$387,000 yearly (\$1.2 million aggregate)
- Executed favorable short-term lease for Family Justice Center to holdover in half of current space at a reduced rate while negotiating a new lease which will save the City approximately \$690,000 per year
- Implemented first full season of revised billing for Police Department and Traffic Control per the Fiscal Year 2008 Council approved agreement resulting in additional reimbursement of approximately \$700,000
- Increased Special Event revenue at PETCO Park from \$643,855 in Fiscal Year 2008 to \$1.4 million in Fiscal Year 2009 (118 percent)
- Converted \$775,000 of refurbishment allowance to cash for General Fund
- Acquired eight properties for various City uses
- Amended Old Globe Theatre lease to allow for redevelopment
- Executed RFP and selection process for kayak operators at La Jolla Shores

The parking garages provide parking for more than 1,100 City employees annually. During the past year, the Concourse has been the site for more than 120 which include the following:

- Naturalization ceremonies for immigrants becoming United States citizens
- Salvation Army holiday dinners
- Homeless Children's Christmas parties
- California State Bar exams
- Various employment job fairs
- Election Central



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# Real Estate Assets

## Department Summary

	FY2010 Budget	FY2011 Adopted	FY2010–2011 Change
Positions	34.00	30.00	(4.00)
Personnel Expenses	\$ 3,365,421	\$ 3,352,518	\$ (12,903)
Non-Personnel Expenses	4,416,915	4,691,959	275,044
<b>Total Department Expenses</b>	<b>\$ 7,782,336</b>	<b>\$ 8,044,477</b>	<b>\$ 262,141</b>
<b>Total Department Revenue</b>	<b>\$ 45,117,914</b>	<b>\$ 47,359,470</b>	<b>\$ 2,241,556</b>

## General Fund

### Department Expenditures

	FY2010 Budget	FY2011 Adopted	FY2010–2011 Change
Real Estate Assets	\$ 3,798,100	\$ 4,511,955	\$ 713,855
<b>Total</b>	<b>\$ 3,798,100</b>	<b>\$ 4,511,955</b>	<b>\$ 713,855</b>

### Department Personnel

	FY2010 Budget	FY2011 Adopted	FY2010–2011 Change
Real Estate Assets	32.00	28.00	(4.00)
<b>Total</b>	<b>32.00</b>	<b>28.00</b>	<b>(4.00)</b>

### Significant Budget Adjustments

	FTE	Expenditures	Revenue
<b>Adjustment to Contracts and Equipment Outlay</b>	0.00	\$ 952,349	\$ –
Funding allocated according to a zero-based annual review of contract and equipment outlay requirements.			
<b>Revised Revenue</b>	0.00	–	(2,265,031)
Adjustment to reflect Fiscal Year 2011 revenue projections.			
<b>Total</b>	<b>0.00</b>	<b>\$ 952,349</b>	<b>\$ (2,265,031)</b>

### Expenditures by Category

	FY2010 Budget	FY2011 Adopted	FY2010–2011 Change
<b>PERSONNEL</b>			
Salaries and Wages	\$ 2,128,316	\$ 1,986,558	\$ (141,758)
Fringe Benefits	1,066,796	1,165,038	98,242
<b>PERSONNEL SUBTOTAL</b>	<b>\$ 3,195,112</b>	<b>\$ 3,151,596</b>	<b>\$ (43,516)</b>
<b>NON-PERSONNEL</b>			
Supplies	\$ 40,912	\$ 47,117	\$ 6,205
Contracts	349,982	1,089,409	739,427
Information Technology	164,616	177,333	12,717
Energy and Utilities	3,600	4,122	522
Other	42,378	42,378	–
Capital Expenditures	1,500	–	(1,500)
<b>NON-PERSONNEL SUBTOTAL</b>	<b>\$ 602,988</b>	<b>\$ 1,360,359</b>	<b>\$ 757,371</b>
<b>Total</b>	<b>\$ 3,798,100</b>	<b>\$ 4,511,955</b>	<b>\$ 713,855</b>

# Real Estate Assets

## Revenues by Category

		FY2010 Budget		FY2011 Adopted		FY2010–2011 Change
Licenses and Permits	\$	152,219	\$	152,200	\$	(19)
Revenue from Money and Property		40,435,328		42,357,466		1,922,138
Charges for Current Services		1,207,362		1,299,000		91,638
<b>Total</b>	<b>\$</b>	<b>41,794,909</b>	<b>\$</b>	<b>43,808,666</b>	<b>\$</b>	<b>2,013,757</b>

## Personnel Expenses

Job Number	Job Class	Job Title / Wages	FY2010 Budget	FY2011 Adopted	Salary Range	Total
20000011	1104	Account Clerk	1.00	1.00	\$31,491 - \$37,918	\$ 36,393
20000134	1218O	Associate Management Analyst	0.00	1.00	54,059 - 65,333	59,213
20000119	1218	Associate Management Analyst	1.00	0.00	54,059 - 65,333	–
20000163	1228	Associate Property Agent	2.00	2.00	54,059 - 65,333	127,400
20001168	2214	Deputy Director	1.00	1.00	46,966 - 172,744	116,399
20000924	1876	Executive Secretary	1.00	1.00	43,555 - 52,666	51,349
20000290	1348	Information Systems Analyst 2	1.00	0.00	54,059 - 65,333	–
20000172	1237	Payroll Specialist 1	1.00	1.00	33,093 - 39,832	38,836
20001222	2270	Program Manager	4.00	4.00	46,966 - 172,744	359,716
20000768	1756	Property Agent	10.00	8.00	59,363 - 71,760	547,084
20000783	1776	Public Information Clerk	2.00	1.00	31,491 - 37,918	36,970
20001137	2177	Real Estate Assets Director	1.00	1.00	31,741 - 173,971	139,194
20000869	1844	Senior Account Clerk	1.00	1.00	36,067 - 43,514	40,222
20000970	1917	Supervising Management Analyst	1.00	1.00	66,768 - 80,891	78,464
20001005	1929B	Supervising Property Agent	0.00	1.00	66,768 - 80,891	78,869
20001003	1929	Supervising Property Agent	4.00	3.00	66,768 - 80,891	233,660
20000756	1746	Word Processing Operator	1.00	1.00	31,491 - 37,918	35,832
		Bilingual - Regular				2,912
		Right Of Way Cert				4,045
<b>Salaries and Wages Subtotal</b>			<b>32.00</b>	<b>28.00</b>		<b>\$ 1,986,558</b>

Employee Offset Savings	\$	34,888
Flexible Benefits		179,470
Long-Term Disability		18,466
Medicare		28,875
Other Post-Employment Benefits		177,240
Retiree Medical Trust		354
Retirement 401 Plan		1,415
Retirement ARC		546,818
Retirement DROP		15,169
Retirement Offset Contribution		48,210
Risk Management Administration		27,440
Supplemental Pension Savings Plan		71,085
Unemployment Insurance		4,313
Unused Sick Leave		1,640

# Real Estate Assets

## Personnel Expenses (Cont'd)

Job Number	Job Class	Job Title / Wages	FY2010 Budget	FY2011 Adopted	Salary Range	Total
		Workers' Compensation				9,655
<b>Fringe Benefits Subtotal</b>						<b>\$ 1,165,038</b>
<b>Total Personnel Expenses</b>						<b>\$ 3,151,596</b>

## Budget by Program

	FY2011 Positions	FY2011 Expenditures	FY2011 Revenue
Asset Management and Lease Administration	7.00	\$ 940,091	\$ 43,658,666
Corporate Service Administration	3.00	1,113,338	150,000
General Administration	8.00	869,424	—
General Administration/Management	2.00	353,561	—
IT Non-Discretionary	0.00	177,333	—
Property Acquisition/Disposition	8.00	1,058,208	—
<b>Total</b>	<b>28.00</b>	<b>\$ 4,511,955</b>	<b>\$ 43,808,666</b>

## Concourse and Parking Garages Operating Fund

### Department Expenditures

	FY2010 Budget	FY2011 Adopted	FY2010–2011 Change
Concourse & Parking Garages	\$ 3,984,236	\$ 3,532,522	\$ (451,714)
<b>Total</b>	<b>\$ 3,984,236</b>	<b>\$ 3,532,522</b>	<b>\$ (451,714)</b>

### Department Personnel

	FY2010 Budget	FY2011 Adopted	FY2010–2011 Change
Concourse & Parking Garages	2.00	2.00	0.00
<b>Total</b>	<b>2.00</b>	<b>2.00</b>	<b>0.00</b>

### Significant Budget Adjustments

	FTE	Expenditures	Revenue
<b>Adjustment to Contracts and Equipment Outlay</b> Funding allocated according to a zero-based annual review of contract and equipment outlay requirements.	0.00	\$ 1,613,700	\$ —
<b>Transfer of Fund Balance</b> Expenditure adjustment to reflect a transfer to the General Fund as mandated by the City Council.	0.00	1,200,000	—
<b>Revised Revenue</b> Adjustment to reflect Fiscal Year 2011 revenue projections.	0.00	—	127,799
<b>Total</b>	<b>0.00</b>	<b>\$ 2,813,700</b>	<b>\$ 127,799</b>

### Expenditures by Category

	FY2010 Budget	FY2011 Adopted	FY2010–2011 Change
<b>PERSONNEL</b>			
Salaries and Wages	\$ 112,265	\$ 118,624	\$ 6,359

# Real Estate Assets

## Expenditures by Category (Cont'd)

		FY2010 Budget		FY2011 Adopted		FY2010-2011 Change
Fringe Benefits		58,044		82,298		24,254
<b>PERSONNEL SUBTOTAL</b>	\$	<b>170,309</b>	\$	<b>200,922</b>	\$	<b>30,613</b>
<b>NON-PERSONNEL</b>						
Supplies	\$	99,500	\$	134,500	\$	35,000
Contracts		1,914,725		1,601,367		(313,358)
Information Technology		14,686		11,670		(3,016)
Energy and Utilities		88,303		95,648		7,345
Other		1,696,713		1,488,415		(208,298)
<b>NON-PERSONNEL SUBTOTAL</b>	\$	<b>3,813,927</b>	\$	<b>3,331,600</b>	\$	<b>(482,327)</b>
<b>Total</b>	\$	<b>3,984,236</b>	\$	<b>3,532,522</b>	\$	<b>(451,714)</b>

## Revenues by Category

		FY2010 Budget		FY2011 Adopted		FY2010-2011 Change
Revenue from Money and Property	\$	3,323,005	\$	3,550,804	\$	227,799
<b>Total</b>	\$	<b>3,323,005</b>	\$	<b>3,550,804</b>	\$	<b>227,799</b>

## Personnel Expenses

Job Number	Job Class	Job Title / Wages	FY2010 Budget	FY2011 Adopted	Salary Range	Total
20000011	1104	Account Clerk	1.00	1.00	\$31,491 - \$37,918	\$ 36,970
20001003	1929	Supervising Property Agent	1.00	1.00	66,768 - 80,891	77,671
		Right Of Way Cert				3,983
<b>Salaries and Wages Subtotal</b>			<b>2.00</b>	<b>2.00</b>		<b>\$ 118,624</b>
		Employee Offset Savings				\$ 1,176
		Flexible Benefits				12,150
		Long-Term Disability				1,058
		Medicare				1,705
		Other Post-Employment Benefits				12,660
		Retirement ARC				42,572
		Retirement Offset Contribution				3,998
		Risk Management Administration				1,960
		Supplemental Pension Savings Plan				3,586
		Unemployment Insurance				247
		Unused Sick Leave				94
		Workers' Compensation				1,092
<b>Fringe Benefits Subtotal</b>						<b>\$ 82,298</b>
<b>Total Personnel Expenses</b>						<b>\$ 200,922</b>

## Budget by Program

	FY2011 Positions	FY2011 Expenditures	FY2011 Revenue
Facilities Operations	2.00	\$ 3,503,547	\$ 3,550,804
General Administration/Management	0.00	17,305	—
IT Non-Discretionary	0.00	11,670	—
<b>Total</b>	<b>2.00</b>	<b>\$ 3,532,522</b>	<b>\$ 3,550,804</b>



# Real Estate Assets

## Revenue and Expense Statement (Non-General Fund)

Concourse and Parking Garages Operating Fund	FY2010 Budget*	FY2011 Adopted
<b>BEGINNING BALANCE AND RESERVES</b>		
Balance from Prior Year	\$ 880,409	\$ 539,663
Fund Balance Reserve	668,663	—
<b>TOTAL BALANCE AND RESERVES</b>	<b>\$ 1,549,072</b>	<b>\$ 539,663</b>
<b>REVENUE</b>		
Concourse Event Revenue	\$ 600,000	\$ 450,000
HBJ Parking Garage	360,110	130,000
Municipal Parking Garage	2,005,100	2,650,000
Other Centre City Rental	357,795	320,804
<b>TOTAL REVENUE</b>	<b>\$ 3,323,005</b>	<b>\$ 3,550,804</b>
<b>TOTAL BALANCE, RESERVES, AND REVENUE</b>	<b>\$ 4,872,077</b>	<b>\$ 4,090,467</b>
<b>CAPITAL IMPROVEMENT PROGRAM (CIP)</b>		
Parkade Equipment	\$ —	\$ 450,000
<b>TOTAL CIP EXPENSE</b>	<b>\$ —</b>	<b>\$ 450,000</b>
<b>OPERATING EXPENSE</b>		
Administration - Concourse	\$ 182,893	\$ 221,507
Operations - Concourse	1,855,110	1,462,015
Operations - Parking Garages	251,093	362,000
Transfer to the General Fund	1,695,140	1,487,000
<b>TOTAL OPERATING EXPENSE</b>	<b>\$ 3,984,236</b>	<b>\$ 3,532,522</b>
<b>TOTAL EXPENSE</b>	<b>\$ 3,984,236</b>	<b>\$ 3,982,522</b>
<b>RESERVES</b>		
Fund Balance Reserve	\$ 668,663	\$ —
<b>TOTAL RESERVES</b>	<b>\$ 668,663</b>	<b>\$ —</b>
<b>BALANCE</b>	<b>\$ 219,178</b>	<b>\$ 107,945</b>
<b>TOTAL EXPENSE, RESERVES, AND BALANCE</b>	<b>\$ 4,872,077</b>	<b>\$ 4,090,467</b>

\* At the time of publication, audited financial statements for Fiscal Year 2010 were not available. Therefore, the Fiscal Year 2010 column reflects final budget amounts from the Fiscal Year 2010 Adopted Budget. As such, current fiscal year balances and reserves are estimates of carryover from the previous fiscal year.